

## "State Banking Growing Like a Weed Under McDonald's Administration--And Nuf Sed"

THE ABOVE LINE IS QUOTED AS IT APPEARED ACROSS THE FIRST PAGE OF THE SANTA FE NEW MEXICAN, A DAILY NEWSPAPER PUBLISHED AT SANTA FE, IN ITS ISSUE OF FRIDAY, SEPTEMBER 22

This Reference to State Banking Under the McDonald Administration Recalled to Many Minds

# THE TRAGIC FAILURE OF THE FIRST STATE BANK OF LAS CRUCES, NEW MEXICO

On September 23 the Republican State Committee Tendered to the New Mexican at Its Display Advertising Rate, Previously Quoted to This Committee, a Display Advertisement Consisting Wholly of a Statement of Facts Which Advertisement the Santa Fe New Mexican Refused to Print

## This Is the Advertisement

### "State Banking Is Growing Like a Weed Under McDonald Administration--And Nuf Sed"

#### From the Testimony of Howell Ernest

(Then Bank Examiner by Appointment by Governor McDonald)

Question: For ten months prior to finding that condition and knew the character of the bank, knew the state funds were there, you absolutely didn't do a thing toward seeing that the bank was put in better condition, did you?

Answer by Ernest: NOTHING, NO.

Question: Did you ever examine the Governor regarding the condition of this bank after you were down there January 30th?

Answer: Yes, we had some--had several conversations relative to the matter.

Question: Governor McDonald knew generally the condition of that bank and of Santa Fe that were known to you, did he not?

Answer: He knew as much as I did.

Question: You kept him partly informed all the time?

Answer: Yes, all the correspondence and everything was submitted to the Governor.

The above statement appeared across the front page of the Santa Fe New Mexican last night. The New Mexican has undertaken to put over the gubernatorial twins, McDonald and De Baca, together with Gillie Otero, lately owner of the Official Sheep Ranch and now famous along the Pecos as "Gillie, the Mud Bucket." No doubt enough has been said about state banks and political banking to suit the Governor and his supporters.

## But Enough Has Not Been Said

#### Morgan O. Llewellyn to Governor McDonald

(From a letter written by Llewellyn to McDonald after the bank was closed and after the Governor had wired for Llewellyn's resignation as secretary-treasurer of the board of the State Agricultural College, to which post McDonald appointed him.)

"The First State Bank closed its doors on the 17th day of December and from February until that date no representative either of yourself or your banking department ever came to the town of Las Cruces or made any examination of the First State Bank whatsoever to determine whether those absolute conditions had been fulfilled.

"You were personally present when the conditions were made and gave your full assent to them, and you knew that no further step was ever taken. Neither you nor any officer of your banking department ever notified or intimated to me that the First State Bank was either insolvent or in a dangerous condition, although you knew it was the depository of the funds in my custody.

"After the above referred to, and after the time when you have lately stated that the bank should have been closed you stood by as an Executive and permitted as a Regent my depositing in that bank every dollar of the funds now endangered by the failure of that institution."

## To Suit the Widows, the Orphans, the Aged, the Sick, the Toiling, Frugal Poor Who Lost Their Money in the Criminal Wrecking of the First State Bank of Las Cruces, New Mexico

Nearly  
600  
Helpless  
Depositors  
LOST  
In the  
Wrecking  
of the  
First  
State Bank

On January 30, 1914, Governor McDonald and his personal appointee, Howell Ernest, then State Banking Examiner, went to Las Cruces. They knew before they went that the First State Bank was in control of a bank wrecker and that state and private deposits were in danger. They found this state bank hopelessly insolvent—its capital 150 per cent impaired—its depositors in grave peril. What did the governor and his bank examiner do? They went back to Santa Fe—and kept still. They kept still nearly a year—until December 8, 1914, when the bank was closed.

? During All This Time They Knew This Bank Was Rushing on to Ruin. As Executive and Supervising Officer of the State Banking System McDonald and Ernest Alone Had Authority to Warn the Depositors. ?  
**Why Did They Keep Still**

A  
Democratic  
Political  
Note  
Was Found  
in the  
"ASSETS"  
of the  
First  
State Bank

The Weeds McDonald Has Grown in This State's Banking System Are Rank Weeds

The Santa Fe New Mexican Is Sold to Subscribers for Money Upon the Allegation That It Is a Newspaper

It says much of its fearlessness and fairness and adherence to truth in its columns.

Daily it is printing deliberate libels directed against candidates on the Republican state ticket.

Yet it refuses to print facts which are part of the public records of New Mexico, because these facts show grave neglect of duty upon the part of a can-

didate for high office who the New Mexican is supporting—a neglect neither the candidate nor the New Mexican has satisfactorily explained.

The Republican State Committee believes the newspaper readers of this state should know that in this campaign the Santa Fe New Mexican will print libels against the men it opposes for office, and—

# The New Mexican Will Refuse to Print Facts